



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES
OFFICE OF THE STATE CONTROLLER
14 STATE HOUSE STATION AUGUSTA, ME 04333-0014

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STATE CONTROLLER

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DEPUTY STATE CONTROLLER

To: HR Directors, Personnel and Payroll Officers
From: Betty Everatt, Payroll Systems Supervisor
Date 11/15/06
Subject: Yearend W-2 Processing

The following information is provided to assist you in answering employee questions related to the W-2 forms.

W2 Mailing - The W2 forms will be mailed to employees. Forms that cannot be delivered to the address in the MFASIS HR system will be returned to this office. We will forward them to the respective employing agency.

Terminated Employees - It should be noted, that W2's have been generated for all employees paid in 2006, regardless of their current employment status.

Additional Payments - In addition to payments made via the MFASIS HR System, the W2's will also reflect some payments made to employees by the MFASIS Accounting System. All payments, which are identified as 1099 reportable, will be reported in Box 14 as 'OTHER'.

Other Income Report - Each agency (if applicable) will be provided with report A939 (MFASIS Accounting System Payments) detailing the 1099 reportable payments made in the accounting system and reported in Box 14 as 'OTHER' or PER DIEM.

Under IRS regulations, Publication 463, payments made to employees for extended work day meals must be treated as payments under a non accountable plan and as such, must be included as box 1 wages on the employee's W-2.

Health & Dental Refunds - Health and dental refunds, pertaining to premiums originally paid via a payroll deduction with non-taxed wages, have also been included in the Federal, State, and Medicare taxable wages. These refunds were paid by the accounting system. In some cases the Medicare tax has also been increased to be in-line with the increased Medicare wages

Additional Adjustments - The W2 forms will also reflect any check reversals or workers' compensation related adjustments processed since the last 2005 pay checks were issued.

Replacement W2's - Submit a Duplicate W-2 Request Form to this office when requesting a replacement for a previously issued W-2. The following dates are being provided to assist you in telling employees when duplicate W-2's will be issued.

Feb. 1st, Feb. 15th
March 1st, March 15th, March 29th
April 5th, April 12th

W2 Form Data -

Box 1 - Federal taxable wages are reported. Gross Wages have been reduced by deferred comp., employee retirement contributions, Employee Health and Dental deductions, and the Medical and Dependent Reimbursement Account deductions, pretax vision premium, and pre-tax qualified transportation (deduction #74). This will not include Child Care Reimbursement (pay #35). It will include the domestic partner non-paid benefit (pay #55).

Box 2 - Federal income tax withheld will be reported.

Box b - Employer identification # - 01-6000001

Box d - Employee SSN

Box 3 - Social security wages will be reported for those that do not belong to MSRS and are paying into social security. It will include the domestic partner non-paid benefit (pay #55).

Box 4 - Social security tax withheld will be reported.

Box 5 - Medicare taxable wages are reported. It will include the domestic partner non-paid benefit (pay #55).

Box 6 - Medicare Tax withheld will be reported.

Box 9 - Earned income credit will be reported.

Box 10 - Pay component #35 (Child Care Reimbursement) and deduction #35 (Dependent Reimbursement Account) will be reported.

Box 12 - Pay component #22 (Imputed Life Insurance) will be reported with a code 'C'. Deductions # 45, 46, 47, 49, 50, and 51 (Aetna, Hartford, Valic) will be summed and reported with a code 'G' - 457 plan.

Box 13 - An 'X' will be printed in 'Pension Plan' if deduction 18 (MSRS State) was greater than 0. Therefore, non-members of MSRS will have no entry.

Box 14 - MSRS Employee deduction # 17 will be reported with the description 'RETIRE'.
-Uniform Allowance, Telephone Allowance, Vehicle Maintenance, and Other Fringe Benefits will be summed and reported with the description 'ALLOW'.
- Per diem will be reported with the description 'P DIEM'.
- All accounting system payments, that are identified as 1099 reportable income will be reported with the description 'OTHER'.

Box 15 - Employer State identification # - 01-6000001

Box 16 - State taxable wages will be reported. Employee MSRS contributions do not reduce State taxable wages. It will include the domestic partner non-paid benefit (pay #55).

Box 17 - State taxes withheld.

Please contact the Office of the State Controller – Payroll Division with any questions.